



2016 Major Automated Information System Annual Report



Defense Agencies Initiative Increment 2 (DAI Inc 2)

Defense Acquisition Management
Information Retrieval
(DAMIR)

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Common Acronyms and Abbreviations for MAIS Programs

Acq O&M - Acquisition-Related Operations and Maintenance
ADM - Acquisition Decision Memorandum
AoA - Analysis of Alternatives
ATO - Authority To Operate
APB - Acquisition Program Baseline
BY - Base Year
CAE - Component Acquisition Executive
CDD - Capability Development Document
CPD - Capability Production Document
DAE - Defense Acquisition Executive
DoD - Department of Defense
DoDAF - DoD Architecture Framework
FD - Full Deployment
FDD - Full Deployment Decision
FY - Fiscal Year
IA - Information Assurance
IATO - Interim Authority to Operate
ICD - Initial Capability Document
IEA - Information Enterprise Architecture
IOC - Initial Operational Capability
IP - Internet Protocol
IT - Information Technology
KPP - Key Performance Parameter
\$M - Millions of Dollars
MAIS - Major Automated Information System
MAIS OE - MAIS Original Estimate
MAR – MAIS Annual Report
MDA - Milestone Decision Authority
MDD - Materiel Development Decision
MILCON - Military Construction
MS - Milestone
N/A - Not Applicable
O&S - Operating and Support
OSD - Office of the Secretary of Defense
PB - President's Budget
RDT&E - Research, Development, Test, and Evaluation
SAE - Service Acquisition Executive
TBD - To Be Determined
TY - Then Year
U.S.C- United States Code
USD(AT&L) - Under Secretary of Defense for Acquisition, Technology, & Logistics

Program Information

Program Name

Defense Agencies Initiative Increment 2 (DAI Inc 2)

DoD Component

DoD

The acquiring DoD Component is the Defense Logistics Agency (DLA).

Responsible Office

Program Manager

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Date Assigned: October 14, 2014

References

MAIS Original Estimate

February 8, 2015

Approved APB

Under Secretary of Defense (Acquisition, Technology & Logistics) Approved Acquisition Program Baseline (APB) dated February 8, 2015

Program Description

The Defense Agencies Initiative's (DAI) mission is to deliver auditable accurate, timely, authoritative financial data to support the Department of Defense (DoD) goal of standardizing financial management practices, improving financial decision support, and supporting audit readiness. Currently, defense agencies use more than 10 different non-compliant financial management systems supporting diverse operational functions and the warfighter in decision making and financial reporting. These disparate, non-integrated systems do not meet Chief Financial Officer Act requirements to produce timely, auditable reports.

The DAI program modernizes the defense agencies' financial management processes by streamlining financial management capabilities, addressing financial reporting material weaknesses, and supporting financial statement auditability for the majority of agencies and field activities across the DoD. DAI will support a transformation of budget, finance, and accounting processes across participating defense agencies to help improve the quality of financial information, supporting financial auditability and decision making. The DAI Increment (Inc) 2 business solution, as implemented, provides a near real-time, web-based system of integrated business processes and enables more than 26,451 defense agency financial managers, program managers, auditors, and Defense Finance and Accounting Service representatives to make sound financial business decisions. The DAI Inc 2 acquisition strategy is tailored to enable a series of annual in Process Reviews (IPRs) in lieu of typical milestone decision reviews. The most recent successful review granted the program a Limited Fielding Decision (LFD) on September 16, 2015 to field additional capability to new and existing users.

DAI Inc 1 (Oracle E-Business Suite 11i) was operational at 12 defense agencies until May 4, 2015 when it was replaced with an application upgrade to Oracle e-Business Suite Release (Rel) 12.2.3 (R12) under DAI Inc 2. The upgrade to R12 enabled critical Commercial Off the Shelf (COTS) functionality: time and labor process automation and procure-to-pay efficiencies. Future releases will focus on budget formulation, direct treasury disbursing, re-sale accounting and defense working capital fund accounting.

DAI Inc 2 is currently deployed to 17 defense agencies with 6 planned. At full deployment DAI Inc 2 will have approximately 49,593 users.

Business Case

Business Case Analysis, including the Analysis of Alternatives: Key functional requirements for DAI are based on the approved CDD signed on September 27, 2010 and the DAI Increment 2 Business Case approved at MS B on April 18, 2014.

An AoA was conducted in November 2006 that evaluated the status quo and the then-existing Defense Agencies Financial Management Systems. This AoA remains valid. During FY 2013, DLA consulted with McKinsey, Oracle and the Defense Agencies to obtain financial management performance benchmarks regarding an upgrade of the DAI system to Oracle E-Business Suite Release 12 (R12). It revealed that there would be a positive return on investment with the R12 upgrade and two new inherent R12 capabilities: time and labor process automation, and procure-to-pay efficiency through the contract life-cycle management module.

In an ADM dated September 23, 2013, the MDA established Increment 2 as a MAIS program to include budget formulation; grants financial management; re-sale accounting; and defense working capital fund accounting.

Firm, Fixed-Price Feasibility: The determination of contract types was based on the cost risk associated with the estimated cost of satisfying the requirement, not lack of clarity of the technical requirement. The MDA has approved cost-type contracts for use since development tasks are sufficiently complex and technically challenging that it is impossible to precisely estimate the cost of satisfying the requirements, and it is not practicable to reduce cost risk to a level that would permit the use of a fixed-price contract.

Independent Cost Estimate: The program has not experienced a Critical Change which would induce the independent cost estimate required by Title 10 United States Code § 2334(a)(6).

Certification of Business Case Alignment; Explanation: I certify that all technical and business requirements have been reviewed and validated to ensure alignment with the business case. This certification is based on my review of DAI Inc 2 MS B requirements from the following: CDD (Sep 2010), Business Case (Apr 2014), and the DAI Increment 2 Program Development and Fielding Decision ADM (Apr 2014).

Business Case Certification:

Name: Matthew Beebe

Organization: Defense Logistics Agency for DAI Inc 2

CAC Subject: CN=BEEBE.MATTHEW.RICHARD.1012725473, OU=DLA, OU=PKI, OU=DoD, O=U.S. Government, C=US

Date: 3/10/2015 04:20 PM

Business Case Changes

Summary of Business Case Changes:

There has been no significant change to the Business Case since it was last certified.

Program Status

Annual Report: The program is substantially on track to remain within the schedule, cost and performance thresholds identified in the Original Estimate; there have been no Significant or Critical Changes (as defined by 10 U.S.C. Chapter 144A) reported since the previous MAIS Annual Report to Congress.

Schedule

Schedule Events		
Events	Original Estimate Objective	Current Estimate (Or Actual)
MDD	Sep 2013	Sep 2013
Preferred Alternative Selected ¹	Sep 2013	Sep 2013
MS B - Development Release 1.0	Apr 2014	Apr 2014
Limited Fielding Decision - Release 2.0 ²	Jan 2016	Sep 2015
FDD	Oct 2017	Oct 2017
FD	TBD	Sep 2018

Memo

1/ The Preferred Alternative Selected date established through the DAI Inc 2 ADM dated September 23, 2013.

2/ The DAI program is an incrementally fielded software intensive program comprised of multiple releases, rather than one formal MS C decision. Those actions required by statute at the MS C or equivalent decision, such as Clinger Cohen certification, were completed by the Rel 2 LFD.

Acronyms and Abbreviations

ADM - Acquisition Decision Memorandum

Inc - Increment

IPR - In Process Review

LFD - Limited Fielding Decision

MDD - Materiel Development Decision

MS - Milestone

Rel - Release

Performance

Performance Characteristics		
Original Estimate Objective/Threshold		Current Estimate (Or Actual)
Financial System Performance (FFMIA Compliance) - Financial system performance is defined as the overall evaluation of the extent to which DAI meets FFMR in accordance with the 1996 FFMIA.¹		
Compliance	Program is substantially compliant with the FFMIA of 1996 based on the current version of the DFAS Instruction 7900.4 (Blue Book) in effect six months prior to the Milestone.	Will Meet Objective.
BEA Compliance - Compliance with the current BEA version. Usually accomplished within 6 months of the release of the BEA.²		
Compliance	Program is substantially compliant with the BEA in effect six months before the milestone.	Will Meet Objective.
NR-KPP - Support netcentric DoD military operations: Transform the budget, finance, and accounting operations of DoD Agencies to achieve accurate and reliable financial information in support of financial accountability and effective, efficient decision-making throughout Defense Agencies in support of the missions of the warfighters.³		
The DAI Increment 2 solution will provide 95% of the assigned baseline capabilities designated as critical with acceptable, documented workarounds and correctable system non- conformances.	The DAI Increment 2 solution will provide 90% of the assigned baseline capabilities designated as critical with acceptable, documented workarounds and correctable system non- conformances.	Will Meet Objective.
NR-KPP - Managed in the Network: 1) Type of Networks that are connected: - The DAI application supports multiple Defense Agencies, and thus is accessible from multiple network points. A typical user accesses the application via the web browser from his/her agency specific LAN/WAN and/or local site firewall configurations, traversing through the NIPRNet to reach the secure DAI application hosted within the DMZ which is controlled and managed by DISA. - The DAI production application is hosted in a DISA DECC environment located in Ogden, Utah and is managed by DAI Program Management Office 2) MOPs to measure network entrance and management performance: a) Network related (DISA) – as per DISA Catalog of Services - Interactive Availability - Portion of network/system controlled by DISA CSD available to the partner during the interactive window - Batch Throughput – Completion rate and delivery by specified time during batch window specified in SLA b) Database related (DAI PMO) - System Availability - On Line user system response 3) Network Management: - The Agency (user) being supported is responsible for the communications infrastructure necessary for leaving their location to connect users to the NIPRNet - DISA is responsible for communications on NIPRNet between the end user and the main DAI environment - DAI PMO is responsible for activities occurring within the application and the Oracle Database 4) Systems Management - NIPRNet and Infrastructure - Centralized within DISA CSD - DAI System – centralized within DAI PMO 5) Network Configuration Parameters – N/A (within the realm of DISA management)³		
The DAI must allow user roles and permission changes in less than 4 business hours after roles and permissions have been granted at least 95% of the time.	The DAI must allow user roles and permission changes in less than 1 business days after roles and permissions have been granted and entered into the UAM at least 90% of the time.	Will Meet Objective.
NR-KPP - Effectively Exchange Information: DAI will satisfy all top-level critical IERs with all required DoD		

Enterprise, DFAS, Defense Agencies, and Federal Systems as documented in SV-6. Key MOPs for all critical interfaces in the SV-6: Timeliness and Accuracy. Threshold / Objective is as stated in SV-6.³

DAI must be able to successfully process 98% of (inbound/outbound) Intermediate Documents	DAI must be able to successfully process 95% of (inbound/outbound) Intermediate Documents	Will Meet Objective.
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Memo

- 1/ Assessed through independent audit.
- 2/ Assessed through BEA compliance process; supports Defense Business Systems policy described in DoD Instruction 5000.02 Enclosure 12.
- 3/ Appendix A to the DAI Increment 2 Business Case includes the NR-KPP in addition to other performance measures for DAI Increment 2.
- 4/ KPP 1 and 2 correspond to the DAI program CDD dated September 27, 2010.

Acronyms and Abbreviations

BEA - Business Enterprise Architecture
 CSD - Computing Services Directorate
 DAI - Defense Agencies Initiative
 DECC - Defense Enterprise Computing Center
 DFAS - Defense Finance and Accounting Service
 DISA - Defense Information Systems Agency
 DMZ - DoD Demilitarized Zone
 FFMIA - Federal Financial Management Improvement Act of 1996
 IER - Information Exchange Requirement
 KSA - Key System Attribute
 LAN - Local Area Network
 MOP - Measure of Performance
 NIPRNet - Non-Classified Internet Protocol Routing Network
 NR-KPP - Net Ready Key Performance Parameter
 SLA - Service Level Agreement
 SV-6 - Systems View - 6, "System Resource Matrix" (A DODAF View)
 UAM - User Account Management
 WAN - Wide Area Network

Cost

DAI Inc 2				
Appropriation Category	BY 2014 \$M		TY \$M	
	Original Estimate	Current Estimate Or Actual	Original Estimate	Current Estimate Or Actual
Acquisition Cost				
RDT&E	147.1	153.9	155.3	157.9
Procurement	0.0	0.0	0.0	0.0
MILCON	0.0	0.0	0.0	0.0
Acq O&M	25.5	26.1	27.0	27.0
Total Acquisition Cost	172.6	180.0	182.3	184.9
Operating and Support (O&S) Cost				
Total Operating and Support (O&S) Cost	581.0	581.0	683.9	683.9
Total Life-Cycle Cost				
Total Life-Cycle Cost	753.6	761.0	866.2	868.8

Cost Notes

1. This report and the Budget Year IT-1 Exhibit cover different time periods thus the costs will not match.
2. Then Year dollars are included for information purposes only; cost variances will be reported against Base Year dollars.
3. The O&S costs reflect all work performed during that phase, regardless of the type or source of funding.